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212 C visits every few days and counts cash, takes stock and places orders for supplies. D. manages his own store.

(592) Illiterate store owners are entirely at the mercy of their managers and it is for this reason that A and B have preferred to entrust the work to their sons, though this policy has not always been successful. As a result of management problems in A's store, management was transferred, with apparent success, to another son, but as B has only one son he feels he has no alternative but to persevere with him. C, being literate, can provide a sufficient check on his illiterate manager at least partly because the latter assumes that literacy gives the owner greater knowledge than it does. C formerly had a literate manager who falsified the records, but says the illiterate man has proved completely reliable since he began five years ago.

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(452) All the stores have been closed from time to time owing to inadequacy of money to buy stocks. This has been due to the too liberal granting of credit,[1] personal use of store stock by the owner or manager, and the use of gross store income for other purposes.

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434 All the entrepreneurs feel that trade stores provide more money for less effort than cash-cropping. For all except C this has not been the case in practice. In fact, it is likely that A and B have made little or no net profit on their total trading operations since their inception. They are aware of this, but feel that it has been due to difficulties which they now understand and which are therefore less likely to occur in future. For three of the four this is probably true, but all except C appear to expect higher future income from trading than is likely to eventuate. The stores are very small, turnover for the year 1965 averaging $956.[2] They buy their goods at a discount (inappropriately called 'wholesale') from European and Chinese retailers in Popondetta. Their turnover is too small and their knowledge of commerce too limited to enable them to buy wholesale from outside the district. Mark-up on goods has varied from nothing to 30 per cent and for a long time one of them was retailing at the nearest 10 cents above

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[1] Although they say they have a policy of not giving credit, all four have lost money from giving credit in the past. Three of the four find social pressures such that they continue to grant limited credit to close friends and close kin. (626) In December 1965, A had about $60 unpaid credit outstanding, some of it of several months' duration; and two others had smaller amounts outstanding.

[2] Store turnover for the year for the four entrepreneurs was estimated from available records at $912, $500, $1,992 and $420 respectively.

the price at which he bought (e.g. a knife bought at 87 cents would be sold at 90 cents).[1]

Irrespective of profits, stores are both a convenience and a source of considerable prestige to the owner.

No records of customers were kept, but from casual observation it appears that customers are either persons who are unrelated and not resident in the same locality or close kin and close friends. The more distant relatives and the residents in the owner's village often go to considerable trouble not to buy from the local entrepreneurs. They justify their avoidance with stories which depict the trader in a personally unfavourable light, though some point to the lower prices and wider range of goods in Popondetta, and others to the advantage of buying from local co-operatives which provide rebates and benefit everyone, rather than from private stores with higher prices and individual profit.

These arguments should apply equally to the customers of the entrepreneurs, but they do not seem to in practice. I assume that this is due to the fact that the entrepreneurs do provide credit, assistance with life crises and other advantages (including the attraction of close association with men of prestige) to very close friends and kin, but decline to provide these privileges to more distant kin and neighbours. These people feel entitled to special consideration and are affronted by refusal. C, the trader with the largest turnover, built his store in a village other than his own[2] and most customers come from that and three neighbouring villages. Most people of his own village of Hanau buy from a co-operative store further away. A's main clients are plantation workers, as most of his fellow villagers use the co-operative even though it involves a long walk. D's store was located on a main road until a re-routing of the road left him without his main source of clients - people walking along the road.

Since 1964, D has been buying cotton piece goods which his wife makes up on her sewing machine into skirts, dresses and shorts for sale in the store. Demand for these goods is greater than the supply and a girl is now hired part-time to assist with sewing.

A, B and D sell small quantities of garden produce or hunted meat at irregular intervals at the Popondetta market.

A undertakes commercial processing for other persons, having established a cocoa fermentary with the help of agricultural officers in 1962. The building cost $500 from his savings and an

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[1] Having limited experience in handling money most of the entrepreneurs round prices to the nearest ten cents as far as possible.

[2] The other three all have their stores adjacent to their homes.

444 Each trader in group I still holds a current trading licence and intends to re-open his store at some future date. A closed his store after only two months of operation, because his duties as a local government councillor were too time-consuming. He intended to resign before the next election in June 1966 and re-open his store.

444 B started his store in 1961 with the relatively large capital
472 of $478, of which $300 was his own money, and the remainder his younger brother's. The store was built some distance from his
452 house, but when $240 was stolen from the store in 1962, the two brothers built a new store adjacent to B's house. It was closed in June 1964. Credit had been given too freely and $157.48 was still outstanding late in 1965, and a European stated that B had
[474] been selling goods well below cost price. Competition from a
[477] local co-operative store which B helped to establish (and with which he is still closely associated) reduced his turnover. B bought his stocks on credit from Oro Ltd, and built up a large debt until further credit was refused. B still owes $220 to Oro Ltd, and due to insufficient understanding of the system, feels that he has been deceived.

Subjects C and D were awaiting the proceeds of their next cash crop sale with which to restock their stores.

444 The stores owned by group II traders have so far been only moderately successful. With the exception of G, who opened his store only six months ago, they have operated their stores for at least nineteen months. E has only recently re-opened his store, after it had been closed for four months.

[426] Group III. Trader I started his store with $200 which was lent him by his younger brother-in-law, who is a clerk with a commercial firm at Lae. The brother-in-law pays all store bills, and I had repaid him $104.

[451] J's trade store was managed by his elder brother, who could neither read nor write and did not keep any store books.

444 K started his store with $390, helped by his younger brother
474 who works in Port Moresby. K runs the store on a quasi co-operative basis, with forty-two shareholders belonging to his own and another clan. His brother contributed $200 to the initial cost, and the
[499] value of the other shares varied between 50 cents and $10. All are ultimately to be $10. Most of the store's turnover comes from other villages and the people of K's village are at present building a road to attract more people to the store.

444 L began her store with $206; when she is away, it is managed by her father.

657 423 also likely to occur if any of the blockholders decides to extend his holding beyond the present boundaries.

[249] More than 13,000 rubber trees were planted before the Land Titles Commission hearing took place. Although this caused no difficulty at Ombi-Tara, a similar occurrence at other schemes could have serious repercussions if a dispute should arise at the hearing, or if an appeal should be lodged afterwards. At the Yega scheme the villagers agreed to give a block to the Papuan Assistant Agricultural Officer who had helped them with subdivision and planting of cash crops. On the day of the Land Titles Commission hearing they withdrew this offer. A similar offer was made to the Papuan Agricultural Assistant at Ombi. By the day of the Land Titles Commission hearing he had planted more than 700 rubber seedlings on his block. Awkward consequences would have ensued if the people had decided to withdraw their offer at the hearing. The possibility of quicker registration, perhaps by the Local Government Councils, may be worth examining.

121 Pest infestations and declining soil fertility. If the introduction of individual farming on consolidated blocks leads to the cessation of the bush fallowing system of agricultural production there will be pest problems. Otherwise the holdings would have to be larger than the amount of arable land available in most areas. It was noted earlier[1] that the bush fallowing system is well suited to the production of annual food crops in tropical areas. Newton (1960:85), writing about New Britain, concluded: 'The concentration of food crops into an area cleared from rain forest has resulted in a fairly rapid multiplication of diseases and pests of colocasia, sweet potato, peanuts and sorghum.' Without fertilisers and advanced agricultural techniques soil fertility may decline in areas where there is continuous cultivation of food crops.

[452] Credit. The government decided not to offer credit facilities to participants in land tenure conversion schemes in order to prevent people assuming that tenure conversion was associated with financial assistance, but the District Commissioner of the Northern District has said that contrary to his expectations only two applicants for conversion have asked for financial assistance. One was extremely tentative and the other sought a loan of perhaps $25 (Williams 1966:7).

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2 (continued)
presumptive right to extend their holdings. We were told that in each case the two persons involved had negotiated a solution to this problem.

1 See p. 6.A
A [See Category 241--Analyst]

121 The need for credit at Ombi-Tara where rubber is being planted
452 may be less than at schemes where other crops are being promoted.[1] Bauer (1948:318) stated that where tapping and processing of rubber is done by family labour, 'many small-holders could almost be referred to as no-cost rather than low-cost producers'. The visiting World Bank mission suggested that credit could play an important part in securing local interest in planting rubber in consolidated areas, in organising group processing and marketing, and in providing scope for enterprising men to increase production (International Bank for Reconstruction and Development 1965:111).

It has been suggested both by the District Commissioner (Williams 1966:7) and by a former Agricultural Officer in the Northern District (Cheetham 1962:67-78) that it may be an appropriate time to reassess official credit policy, looking particularly at the criteria for providing credit to smallholders. Cheetham (1962:77) concluded: 'A farmer's ability to repay may be a better criterion on which to provide loan capital than the present notion of "credit-worthiness" in the sense of adequate tangible farm assets.'

Cash cropping and productivity

657 It is too soon to determine the effects tenure conversion will
423 have on cash cropping and productivity. However, even at this early
182 stage a few observations may be made. The acreage under cash crops
[311] at Ombi-Tara has increased significantly since conversion. Before conversion was introduced, 167 cocoa trees, 92 coffee trees and 19 bush rubber trees were planted per adult male at Ombi-Tara.[2] In the fourteen months after the villagers began planting high yielding rubber on the converted blocks an average of 304 seedlings was planted per adult male.

[434] There is no shortage of food or suitable agricultural land. Both terrain and climate are favourable for growing rubber. There is easy
[464] access to Ombi-Tara from Popondetta. Villagers are able to earn money to buy rubber seedlings from the Department of Agriculture by tapping their bush rubber, by working on road maintenance, or by working for wages on the Sangara ex-servicemen's plantations. The proximity of the Sangara plantations and the existence of bush rubber stands at Ombi-Tara provided villagers with experience in tapping and handling
[177] rubber. The Sangara plantations also serve to demonstrate a 'European way of life' which many villagers find attractive and wish to emulate.

[241] Tenure conversion appears to have contributed to the improved cash cropping performance mainly by reducing the labour inputs required to establish cash crop gardens, thus increasing labour

[1] For example, the processing of green leaf into tea requires substantial investment (Clayton 1961:623).

[2] Excluding the two 'outside' blockholders and a man from Tara who declined to be interviewed (see p.1).

731 the resettlement villages as needed, but soon replaced by issues of
657 the sweet potatoes and later, village-grown crops. Distributions tapered off after May, 1951, and ceased at the end of that year.

Commercial Enterprises: Agricultural activities are the only kind of enterprise which are encouraged or assisted by government. These activities are mostly conducted by individual entrepreneurs. No rewards are ever given for land clearing, nor are any labour costs ever paid. The government assists by providing coffee, rubber and cocoa seeds to growers. Initially these were free; nowadays, growers are charged the cost of seed.

Although there is provision in the Territory for credit assistance
452 for economic development, small growers of cash crops such as are
657 found in Sivepa and Inonda are not eligible for this credit. A short time before I left, one man from Inonda (again the government driver) was encouraged to apply for a loan under a new experimental scheme for beef cattle farming, but the arrangements were not complete when I left.

The government provides marketing assistance to New Guinea
245 growers of coffee (mainly indigenous) by a remission of duty on raw
652 coffee imported into Australia from sources other than Papua and New Guinea to each importer who obtains a certain percentage of his total requirements from the Territory. The government does not itself
245 purchase coffee but when the Higaturu Local Government Council was
474 formed one of its initial functions was to operate a cooperative for the purchase, processing and exporting of locally grown coffee. Later
[654] (in 1962), the Council withdrew from this activity and an independent Orokaiva Coffee Growers Society was formed. The reason for the Council's withdrawal was advice from the government which felt uneasy about local bodies engaging in commerical activities. The effect of the setting up of the cooperative has been that service is now no longer given to all growers but to all who have bought shares as an entrance fee and become members of the cooperative. This fee was initially $4 but is constantly rising until in 1966 it reached $20. Some non-members sold
[439] their coffee to the Chinese for a lower price; others sold through kinsmen who were members, and did not always receive the full proceeds. The government keeps an eye on the operations of the cooperative; in any case, it seemed well enough conducted. Until end 1966, the cooperative depended on the government for transport: the buyer who visited villages each month to collect and pay for the coffee travelled on a government truck. It is now buying trucks of its own. The nearest pick-up point for Sivepe coffee was Garombi, one mile away; the nearest pick-up point for Inonda coffee was likewise one mile away, at Ajoro.

The government also assists agriculture through its research
654 activities conducted in various experimental stations in the Territory
242 which specialise in rubber, coffee and other relevant crops. A resources survey has been made of large parts of the Northern District, including the Oro-Bay--Kumusi River region with which we are concerned here. A programme for the improvement of Robusta coffee is on the way,

622 orderly. This man, like the "committee" in Sivepe, was responsible
624 for the disciplinary aspects of local government--law and order, hygiene, organisation of working parties. The giving of such orders was not considered "fitting" for the councillor who kept aloof and worked through the "committee" as intermediary while still making the basic decisions. This dual control was convenient when, for instance, the councillor wanted old houses rebuilt and set along a straight line determined by him, while the people were not very enthusiastic. It never became clear just whose authority was treated lightly; no doubt the leaders are waiting for some excuse, such as a feast, for pressing the urgency of renovation. The councillor was, above all, the ideologist for the New Day.

794 Two other formal organisations in Hohorita pursued ends likewise
474 related to development. One of them was a church committee similar to the one at Sasembata; the second was a cooperative known as "Village Improvement" (in English) which was raising money for a purpose yet to be determined. It might be a trade store or a truck.
454 By the time I left, this committee had accumulated almost $1,000, and
952 the purpose then had again been changed: the intention became to invest the money under a government-sponsored scheme for village "Savings and Loan" societies which follow the principle of credit unions.

474 The composition of this committee was interesting: it did not include the councillor, but consisted of the head teacher at Hohorita,
452 and a priest and a public servant both resident in Popondetta. All three belonged to the Hoveopa clan but all three were, by residence and profession, somewhat remote from the village way of life. A number of the villagers who contributed expressed for this scheme the kind of romantic enthusiasm characteristic of many Papuan cooperative movements; it was seen as a means to raise the Papuan to the same level of power as the European. I was told that loans would be granted only for equipment of permanent value--sewing machines, house building materials, lawnmowers, coffee machines and a vague and ominous category described as "special things." There were 66 members.

521 It struck me that at Hohorita, in contrast to other places, individuals and groups were keen to engage me in protracted discussions on ideological and economic matters. It was evident that this was not a mere show and that discussions of the same sort were frequent also in my absence. It was at Hohorita that I first learned, and in the clearest terms, Orokaiva views on race relations, on the significance of the councils and cash cropping, on Africa, on the Americans. Participants in the discussion were often the educated minority which seemed to set the tone for social thought: the ex-mission teachers, ex-medical orderlies, ex-drivers, ex-shopkeepers, etc.--a total of 20 men who had to some extent mastered some Western skilled occupation, and who had chosen to return to their own village. Very often it was the chance of cash cropping that had brought them back home, for they knew that they could thus get financial security and a good life. Some